

APPENDIX A

COMPREHENSIVE ANNUAL FINANCIAL REPORTS YEARS ENDING DECEMBER 31, 2002 AND 2003



**Auditor of State
Betty Montgomery**

CLERMONT COUNTY

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CLERMONT COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2002

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Mental Health:</i>			
Mental Health Recovery Block Grant	N/A	93.958	\$ 25,000
Community Plan Block Grant	N/A	93.958	53,331
Children/Adolescent Block Grant	N/A	93.958	27,920
508Q CQRT	N/A	93.958	119,208
Total Block Grants for Community Mental Health Services			<u>225,459</u>
Projects for Assistance in Transition from Homelessness	N/A	93.150	200
Medicaid Assistance Program (Title XIX)	N/A	93.778	2,518,359
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities</i>			
Medicaid Assistance Program (Title XIX)	N/A	93.778	1,990,355
Title XIX - Targeted Case Management	N/A	93.778	387,750
Title XIX - Service Coordination	N/A	93.778	55,787
Title XIX - Waiver Administration	N/A	93.778	11,258
Total Medical Assistance Program (Title XIX)			<u>4,963,509</u>
<i>Passed Through Ohio Department of Mental Health:</i>			
Social Services Block Grant (Title XX)	N/A	93.667	100,612
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities</i>			
Social Services Block Grant	N/A	93.667	116,935
Total Social Services Block Grant (Title XX)			<u>217,547</u>
<i>Passed through Ohio Department of Alcohol and Drug Addiction Services</i>			
Women's Outreach Services	N/A	93.959	101,098
TASC	N/A	93.959	175,004
Per Capita Treatment/Prevention	N/A	93.959	431,961
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>708,063</u>
<i>Passed through Ohio Department of Job and Family Services</i>			
Child Abuse and Neglect State Grants	N/A	93.669	3,232
Independent Living	N/A	93.674	48,205
Consolidated Knowledge Development & Application Program	N/A	93.230	<u>212,657</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			6,378,872
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed through Ohio Department of Health</i>			
Special Education Grants for Infants and Families with Disabilities - Hearing Impaired	N/A	84.181	156,942
<i>Passed through Ohio Department of Alcohol and Drug Addiction Services</i>			
Safe & Drug Free Schools & Communities: State Grants	N/A	84.186A	88,847
<i>Passed through Ohio Department of Education</i>			
Special Education: Grants to States	N/A	84.027	<u>40,617</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			286,406

CLERMONT COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2002

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed through the Ohio Department of Education</i>			
Nutrition Cluster			
National School Lunch Program	N/A	10.555	19,606
National School Breakfast Program	N/A	10.553	6,497
Total Nutrition Cluster			26,103
TOTAL U.S. DEPARTMENT OF AGRICULTURE			26,103
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed through Ohio Department of Public Safety</i>			
STEP Enforcement Project	N/A	20.600	38,146
Community Surface Transportation Program	N/A	20.600	10,000
Total State and Community Highway Safety Grant			48,146
<i>Passed through Ohio Emergency Management Agency</i>			
Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	20.703	4,530
<i>Passed through Ohio Department of Transportation</i>			
Local Bridge Repair Project, CLE-CR351-2.80	N/A	20.205	56,583
Local Bridge Repair Project, CLE-CR181-0.32	N/A	20.205	53,928
IR 275/US 50 Interchange Improvements	PID 20028	20.205	362,883
Branch Hill Guinea Pike Imp. (Loveland Miamiville Rd)	PID 17573	20.205	23,513
SR 32/Olive Branch-Stonelick Rd. Interchange	PID 20056	20.205	2,008,543
Stonelick Williams Corner Bridge	PID 17224	20.205	632,910
Woodville Pike Safety Improvement	PID 14944	20.205	306,770
Hill Station Bridge Replacement	PID 14988	20.205	355,827
Total Highway Planning and Construction			3,800,957
Formula Grants for Other Than Urbanized Areas	N/A	20.509	430,704
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			4,284,337
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
<i>Passed through the Ohio Emergency Management Agency</i>			
Emergency Management Performance Grant	N/A	83.552	71,129
Terrorism Consequence Management Preparedness Assistance	N/A	83.552	4,195
Total Emergency Management Performance Grant			75,324
Public Assistance Grant	DR-1164	83.544	383,922
Public Assistance Grant	DR-1390	83.544	241,016
Total Public Assistance Funds			624,938
Project Impact: Building Disaster Resistant Communities	EMC-2000-GR-0046	83.551	82,697
HUD Disaster Recovery Initiative Grant	B-98-DU-390004	83.516	18,455
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			801,414
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Community Policing Grants (COPS Universal Hiring)	N/A	16.710	102,501
Law Enforcement Block Grant	N/A	16.592	32,711
Sex Offender Management Discretionary Grant	N/A	16.203	29,624
<i>Passed through the Ohio Office of Criminal Justice Services</i>			
Juvenile Accountability Incentive Block Grant - Drug Court	N/A	16.523	58,525
Juvenile Accountability Incentive Block Grant - Weekend Detention	N/A	16.523	7,486
Total Juvenile Accountability Incentive Block Grant (JAIBG)			66,011
Byrne Formula Grant Program (Drug Control & System Imp)	N/A	16.579	175,179
<i>Passed through the Ohio Attorney General</i>			
Crime Victim Assistance	N/A	16.575	94,104
<i>Passed through the Ohio Dept. of Rehabilitation and Correction</i>			
Violent Offender Incarceration and Truth in Sentencing Incentive Grant (VOITIS)	N/A	16.586	379,611
<i>Passed through the Ohio Emergency Management Agency</i>			
State Domestic Preparedness Equipment Support Program	N/A	16.007	24,107
TOTAL U.S. DEPARTMENT OF JUSTICE			903,848

CLERMONT COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2002**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF LABOR</u>			
<i>Passed through the Ohio Department of Job and Family Services</i>			
Workforce Investment Act Cluster			
Adult Program	N/A	17.258	278,504
Youth Activities	N/A	17.259	263,577
Dislocated Worker	N/A	17.260	244,832
Total Workforce Investment Act Cluster			<u>786,913</u>
One-Stop Career Center Initiative	N/A	17.257	<u>66,789</u>
TOTAL U.S. DEPARTMENT OF LABOR			853,702
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>			
<i>Passed through Ohio Department of Development</i>			
Community Development Block Grant	N/A	14.228	<u>134,904</u>
TOTAL			<u>\$ 13,669,586</u>

The accompanying notes to this schedule are an integral part of this schedule.

CLERMONT COUNTY

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES DECEMBER 31, 2002

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - NUTRITION CLUSTER

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department are commingled with State grants. It is assumed federal monies are expended first.

NOTE C - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The County has established a revolving loan program to provide low-interest loans to persons from low income households for repairs to or replacement of septic systems, completion of septic system installations, or connection to the public sewer system. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by five-year mortgages on the property, amortized monthly. At December 31, 2002, the gross amount of loans outstanding under this program was \$99,224. There were no delinquent amounts due.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE E - SUBRECIPIENTS

The County passes-through certain Federal assistance received from the Ohio Department of Mental Health and the Ohio Department of Drug and Alcohol and Drug Addiction Services to subrecipients. As described in Note A, the county records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these federal programs. Under Federal Circular A-133, the County is responsible for monitoring subrecipients to help assure the Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and the performance goals are achieved.

NOTE F - TITLE XIX (MEDICAID)

Funds passed through the Community Mental Health Board to providers is considered a subrecipient relationship and is included on the Schedule.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Clermont County
101 East Main Street
Batavia, Ohio 45103

To the Board of County Commissioners:

We have audited the financial statements of Clermont County, Ohio (the County), as of and for the fiscal year ended December 31, 2002, and have issued our report thereon dated May 30, 2003. We did not audit the Business-Type Activities and the County Sewer District and County Water District major enterprise funds, and our opinion, insofar as it relates to the amounts included as Business-Type Activities and the County Sewer District and County Water District major enterprise funds, is based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated May 30, 2003.

This report is intended for the information and use of the management, Board of County Commissioners, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 30, 2003



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Clermont County
101 East Main Street
Batavia, Ohio 45103

To the Board of County Commissioners:

Compliance

We have audited the compliance of Clermont County, Ohio (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the County in a separate letter dated May 30, 2003.

Schedule of Federal Award Expenditures

We have audited the financial statements of Clermont County, Ohio (the County), as of and for the fiscal year ended December 31, 2002, and have issued our report thereon dated May 30, 2003. We did not audit the Business-Type Activities and the County Sewer District and County Water District major enterprise funds, and our opinion, insofar as it relates to the amounts included as Business-Type Activities and the County Sewer District and County Water District major enterprise funds, is based on the report of other auditors. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the management, Board of County Commissioners, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

May 30, 2003

**CLERMONT COUNTY
DECEMBER 31, 2002**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	Title XIX (Medicaid) - CFDA #93.778 Rural Transit Grant – CFDA #20.509 Highway, Planning and Construction – CFDA #20.500 Substance Abuse Prevention & Treatment Block Grant – CFDA #93.959
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$410,087 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS FOR FEDERAL AWARDS

None